

Statement by Eldon Gould
Administrator of the
Risk Management Agency
United States Department of Agriculture
Before the House Agriculture Subcommittee on
General Farm Commodities and Risk Management
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Mr. Chairman, members of the Subcommittee, I am Eldon Gould, Administrator of the Risk Management Agency (RMA), United States Department of Agriculture. I assumed this position in November of last year. I am a life long farmer in northern Illinois, with a 1500-acre corn, soybeans and wheat farm and a 700 sow farrow-to-wean hog operation. My task here today is to explain the role of the Federal crop insurance program as it relates to the Missouri River pulse releases. We have been working on this issue beginning late last year and in consultation with members of the Missouri congressional delegation and some of their constituents on an ongoing basis.

RMA administers the Federal crop insurance program on behalf of the Federal Crop Insurance Corporation. The agency has a unique partnership with 16 private insurance companies that are responsible for the sale and service of the various insurance policies. Through the private sector delivery system in crop year 2005, RMA provided approximately \$44 billion of protection to farmers on some 370 commodities covering over 80 percent of the planted acreage in the United States. This coverage was offered through 22 plans of insurance and approximately 1.2 million policies that insured about 246 million acres.

As you are aware, the U.S. Army Corps of Engineers (Corps) has scheduled two spring “pulses” or water releases from the Gavin’s Point Dam on the Missouri River in an effort to mimic the natural river rise and encourage spawning of the endangered pallid sturgeon. This is being done to comply with the requirements of the Endangered Species Act.

There is concern among producers along the Missouri River and thus, among their elected representatives, that these pulses of water might cause flooding or excess moisture conditions for farms along the river. RMA learned of these concerns when producers asked if any losses suffered as a result of the pulses would be covered by the Federal crop insurance program.

The Department of Agriculture has recently responded in writing to queries from Senators Bond and Talent, and Representatives Emerson, Hulshof and Skelton on this matter. We also responded earlier to Attorney General Nixon and the Missouri Corn Growers Association. We take their concerns very seriously.

As I have stated, Mr. Chairman, I am a producer myself and one of my goals as Administrator of RMA is to ensure that RMA is doing everything it can, within its legislated authority, to assist the farmer and rancher and keep rural America and its critical agricultural industry competitive and sound.

To that end, RMA has been consulting extensively with the Corps since we learned of the planned water pulse events to determine, and where possible, minimize the risks to producers due to these releases. Having sought out the facts and evaluated our ability to act, we believe that we can lay these facts before you now with the confidence that we have examined all aspects of this issue in our continued efforts to be of assistance.

As you are aware, Mr. Chairman, crop insurance payments are made on production losses that are due to acts of nature such as weather events, including drought, hurricane, freeze, disease, and excess moisture. These causes of loss are manifested in the Federal Crop Insurance Act and specifically stated in the crop insurance policies. These proposed pulses of water by the Corps are not an act of nature, but due, instead, to the requirements of Federal law. Therefore, in the unlikely situation that there are any losses attributable to those releases, those losses cannot be covered under the crop insurance policies. However, any losses attributable to natural occurrences, such as excessive rain, will be covered.

The planned March pulse of water will result in an increase of one to 1.5 feet in river stage at the peak of the pulse. This is less than the rise that occurs when full service releases are made during non-drought periods. The Corps has informed us that the potential May spring pulse, given the drought conditions in the basin, will cause a 1.5 to 3 foot rise in the river downstream. This will not cause a rise above a normal navigable river level.

We have communicated with Assistant Secretary of the Army for Civil Works, the Honorable John Paul Woodley, Jr. Assistant Secretary Woodley has given RMA assurances as to the Corps' flexibility to administer these releases with a strong consideration given to flooding potential. The timing and magnitude of the releases will be adjusted by the Corps if weather conditions or river levels suggest the potential for damage to crops along the river.

The Corps has routinely released water from reservoirs into the Missouri River system in past years to meet their various mandates without affecting crop insurance coverage. We have no reason to believe that would not continue in the future. Based on the control of timing and magnitude, and the Corps' analysis of the current conditions in the Missouri River system, neither RMA nor the Corps anticipates that these upcoming releases will cause damage to crops or cropland along the Missouri River system.

I can assure members of this Subcommittee and their constituents that any crops insured with a Federal crop insurance policy that suffer losses that are specifically attributable to natural causes, such as excessive rain, will be covered in accordance with the terms of the policy, irrespective of these releases by the Corps.

There has been at least one occasion in the past where the Corps was required to release water into the Missouri River system due to excess moisture and the need to mitigate the potential for flooding. In such instances where the Corps' releases were due to a covered cause of loss, (in this case, excess moisture) any crop damage suffered by insured producers in our program from the release was covered under Federal crop insurance.

In closing, Mr. Chairman, I would like to reassure you and the Members of the Subcommittee that RMA is fully aware of your concerns and those of your constituents. We have high regard for Assistant Secretary Woodley and the members of the U.S. Army Corps of Engineers and would like to thank them for their continued cooperation in the examination of this matter. We will remain in close consultation with the Corps to minimize any potential risks to producers along the Missouri River.

Thank you for the opportunity to participate in this important hearing. I look forward to responding to questions on the issue.

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